

**WASABI ENERGY LIMITED**  
**AND ITS CONTROLLED ENTITIES**  
**ABN 24 000 090 997**  
**APPENDIX 4E**  
**PRELIMINARY FINAL REPORT**  
**FINANCIAL YEAR ENDED 30 JUNE 2008**

**Results For Announcement To The Market**

<b>Results</b>	A\$		
Revenues from ordinary activities	up	7,357%	to 1,092,222
Loss from ordinary activities after tax attributable to members	down	46%	to 2,270,325
Net loss for the period attributable to members	down	46%	to 2,270,325

<b>Dividends</b>	Amount per security	Franked amount per security
Final dividend – no dividend is proposed	n/a	n/a
Previous corresponding period – no dividend declared	n/a	n/a

<sup>+</sup>Record date for determining entitlements to the dividend,  
(in the case of a trust, distribution) *(see item 15.2)*

n/a

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**WASABI ENERGY LIMITED  
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**COMMENTARY ON RESULTS**

The net loss after income tax attributable to members of the Group for the year ended 30 June 2008 was \$2,270,325 (2007: \$4,268,207). This equates to a basic loss per share of 0.30 cents (2007: 0.87 cents).

Revenue increased due to the capital gains made on the sale of marketable securities in Aviva Corporation Limited and Equatorial Coal Limited and the introduction of service income generated by Recurrent Engineering LLC (Recurrent), a controlled subsidiary acquired during the year.

Expenses in the year also increased due to the increased payroll costs incurred with the inclusion of Recurrent in the Group's result and its other operating costs. The Group also incurred costs of \$342,816 associated with research and development for its joint venture with Danieli Corus.

**Corporate**

During the year the Company completed a placement of 23.5 million shares at a price of 3.5 cents per share to raise \$822,515. The shares were issued with 23.5 million free attaching options exercisable at 4 cents each and an expiry date of 27 May 2009.

The Company also issued 175,000,000 shares and 25,000,000 unlisted options to Xtract Energy Plc as consideration for the acquisition from them of 12,300,000 shares in Aviva Corporation Limited and the rights and obligations under the Danieli Corus Technology Co-op Agreement.

The Company issued 15,000,000 ordinary shares on the exercise of unlisted options exercisable at 2.5 cents providing \$375,000 in additional working capital.

During the year Wasabi has increased its exposure to a broad range of resource and energy related projects which now include, geothermal and waste power, clean coal processing, uranium exploration, direct coal investment, coal exploration in Canada, water technologies, renewable and energy efficient technology and biodiesel production.

**Investments**

**Global Geothermal Limited – 75% interest**

Wasabi has significantly advanced its interests by resolving disputes surrounding technology rights to the Kalina process resulting in the formation of a UK incorporated company, Global Geothermal Ltd (GGL), owned 75% by Wasabi and 25% by Amp Capital Partners LLC. GGL's primary asset is ownership of the intellectual property associated with the Kalina Power cycle, a method of producing electricity that has been under development for many years and is now gaining acceptance globally. The ultimate aim of the Company and its equity partner is for GGL to participate in a public offering which will recognise the value of the business. GGL recently attracted an investment of GBP350,000 from a third party for a 2% share of issued capital in the company. There are a number of exciting opportunities emerging for GGL in the current market.

**Aqua Guardian Group Limited – 20% interest**

Wasabi has made a \$650,000 investment to take a 20% interest in a pre-IPO company, Aqua Guardian Group Limited which has been formed to invest in and develop businesses and new technologies applicable to the water industry. The main product to date is Aqua Armour, a floating plastic module designed to reduce or eliminate water losses caused by evaporation in reservoirs and large scale water storage dams and to prevent the growth of toxin containing algal growth. The public listing earlier this year to which Wasabi shareholders were offered a priority entitlement was unsuccessful. Wasabi has remained close to Aqua Guardian and is in discussions as to how it can further assist the development of what the Company believes is a brilliant innovation which has application both here and overseas.

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**DC Technology Joint Venture – Danieli Corus – 50% interest**

Wasabi has acquired a 50% joint venture interest in a research project, currently in the testing phase, for an environmentally benign method of producing a carbon substitute for coke in iron and steel production. As the project has progressed it has raised possibilities that the process could be used to upgrade lower rank coals to make them suitable for metallurgical use. The process may be a more environmentally sound method of extracting oil from oil shale and the process could be used to prepare coal for use in coal/oil liquefaction plants. Wasabi is funding the project whilst the other partner, Danieli Corus, is carrying out the research. Danieli Corus is a subsidiary of the Corus Steel Group, a well respected consultant to the international steel industry.

The joint venture partners, are exploring a new device, which they believe has exciting prospects. The companies have taken out a joint provisional patent and are exploring it's potential under the terms of the joint-venture.

**Bio Diesel Investment – 50% interest**

Wasabi holds a 50% equity stake in a joint-venture called Evolution Energy Pty Ltd formed to specialise in developing bio diesel production plants and in marketing the fuel. The purpose of the joint-venture is to evaluate several opportunities in the ethanol and bio diesel industry. Evaluation of those opportunities is continuing.

Evolution Energy has advanced \$387,000 to KE Engineering with the objective of having direct access to the engineering know-how of an operating Australian bio diesel plant. The plant is located at Laverton, Victoria. For its contribution to the investment Wasabi is to be paid a royalty on the first 20,000,000 litres of production.

**Lilyburt Coal**

Wasabi has a joint venture agreement with Western Canadian Coal Corp. to earn up to a 50% interest in the Lilyburt coal property located in British Columbia, Canada

Wasabi is currently in discussions with Western Canadian Coal as to how both companies can benefit from the joint venture.

**Listed Investments**

**Aviva Corporation Limited – 8.51% interest (ASX: AVA)**

During the year Wasabi increased its share holding in Aviva through the acquisition of 12.3 million shares funded by the issue of 175 million Wasabi shares and 25 million options. Wasabi then raised \$3.2 million through the sale of 4 million shares. The Company retains a holding of 10.1 million shares. Aviva is a mineral resource exploration company focused on the development of a rich coal resource in the central region of Western Australia.

**Rum Jungle Uranium Limited – 37.60% interest (ASX: RUM)**

Wasabi has seen its investment in Uranium prospective tenements progress to fruition during the year with the successful listing of Rum Jungle Uranium Ltd. The Company owns 44 million shares and 10 million unlisted options in Rum Jungle with a current market value of \$5.28 million

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**Greenearth Energy Limited – 12.5% interest (ASX: GER)**

Wasabi has invested \$1.5 million in Greenearth Energy Limited, an Australian Geothermal company. The company listed in February 2008 and is expected to explore and develop geothermal resources in Australia, New Zealand and the wider Pacific Rim. Geothermal energy is being increasingly recognised as having the potential to deliver clean, reliable and renewable energy capable of a wide range of uses with very low or zero green house emissions.

**Xtract Energy Plc – 4.85% interest (AIM: XTR)**

Subsequent to the year end Wasabi acquired 36.5 million shares in Xtract Energy Plc from Cambrian Mining Plc at a share price of 2.5 pence per share.

Xtract is listed on the London Stock Exchange AIM market. It identifies and invests in a diversified portfolio of early stage energy sector technologies and businesses with significant growth potential. It's main areas of interest lie with assets in Australia and Canada.

**Other marketable investments**

Wasabi also currently holds shares in Australian Renewable Fuels Limited (ASX: ARW), Equatorial Coals Limited (ASX: EQX) and Lysander Minerals Corporation which is listed on the Venture Exchange of the Toronto Stock Exchange.

The following table details the current market value of Wasabi's investments in marketable securities shown in Australian dollars:

Company	Number of shares	Number of listed options	Market price (i) AUD\$	Market value AUD\$
<b>Australia</b>				
Aviva Corporation Limited	10,100,000	-	0.600	6,060,000
Rum Jungle Uranium Limited (ii)	44,000,000	-	0.120	5,280,000
Greenearth Energy Limited (iii)	8,333,334	-	0.090	750,000
Greenearth Energy Limited (iii)		2,777,778	0.022	61,111
Australian Renewable Fuels Limited	24,884,741	-	0.044	1,094,928
Equatorial Coal Limited	4,220,000	-	0.250	1,055,000
<b>United Kingdom</b>				
Xtract Energy Plc	36,500,000	-	0.050	1,825,000
<b>Canada</b>				
Lysander Minerals Corporation	1,500,000	-	0.470	705,000
<b>Total</b>				<b>16,861,595</b>

(i) based on closing prices on 27 August 2008

(ii) escrowed until 14 November 2009

(iii) 4,166,667 shares and 2,777,778 options are escrowed until 4 February 2010

**Dividends**

There have been no dividends paid or declared since the end of the previous financial year.

**WASABI ENERGY LIMITED  
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**INCOME STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

		Consolidated	
		2008	2007
		\$	\$
Revenue	2	1,092,222	14,647
Depreciation	4	(6,888)	(1,970)
Employee and directors costs		(1,596,891)	(699,545)
Legal & professional fees		(549,044)	(153,703)
Exploration costs		-	(136,803)
Foreign exchange loss		-	(41,451)
Research and development		(342,816)	-
Other expenses		(1,059,730)	(242,164)
Impairment of goodwill		(886,533)	-
Impairment of loans and notes	4	-	(2,873,046)
<b>Loss from operating activities</b>		<u>(3,349,680)</u>	<u>(4,134,035)</u>
Financial income		58,209	258,954
Financial expenses		(19,021)	(5,461)
<b>Net financing income</b>	3	<u>39,188</u>	<u>253,493</u>
Share of loss from equity accounted investee		(3,862)	(387,665)
<b>Loss before income tax</b>		(3,314,354)	(4,268,207)
Income tax expense		-	-
<b>Loss for the period</b>		<u>(3,314,354)</u>	<u>(4,268,207)</u>
<b>Attributable to:</b>			
Equity holders of the Company		(2,270,325)	(4,268,207)
Minority interest		(1,044,029)	-
<b>Loss for the period</b>		<u>(3,314,354)</u>	<u>(4,268,207)</u>
Basic loss per share	5	<u>(0.30) cents</u>	<u>(0.87) cents</u>

As the Company incurred a loss for the year ended 30 June 2008 the options on issue have an antidilutive effect therefore the diluted loss per share is equal to the basic loss per share

**WASABI ENERGY LIMITED  
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**BALANCE SHEETS  
AS AT 30 JUNE 2007**

	Note	Consolidated	
		2008 \$	2007 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		780,695	1,492,745
Trade and other receivables	6	168,691	268,523
Assets classified as held for sale	7	12,714,121	288,000
<b>TOTAL CURRENT ASSETS</b>		<u>13,663,507</u>	<u>2,049,268</u>
<b>NON-CURRENT ASSETS</b>			
Other investments	8	650,000	-
Investments in equity accounted investees	9	652,905	656,767
Plant and equipment	10	2,763	3,626
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,305,668</u>	<u>660,393</u>
<b>TOTAL ASSETS</b>		<u>14,969,175</u>	<u>2,709,661</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	272,796	233,414
Loans	12	750,000	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,022,796</u>	<u>233,414</u>
<b>TOTAL LIABILITIES</b>		<u>1,022,796</u>	<u>233,414</u>
<b>NET ASSETS</b>		<u><b>13,946,379</b></u>	<u><b>2,476,247</b></u>
<b>EQUITY</b>			
Share capital	13	27,642,350	15,924,524
Reserves	14	2,281,199	427,561
Accumulated losses	15	(16,146,163)	(13,875,838)
<b>Total equity attributable to equity holders of the Company</b>		<u>13,777,386</u>	<u>2,476,247</u>
Minority interest		168,993	-
<b>TOTAL EQUITY</b>		<u><b>13,946,379</b></u>	<u><b>2,476,247</b></u>

**WASABI ENERGY LIMITED  
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**STATEMENTS OF RECOGNISED INCOME AND EXPENSE**

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	\$	\$
Foreign currency translation differences for foreign operations	(171,516)	-
Net change in fair value of available for sale financial assets	1,003,415	48,000
<b>Income recognised directly in equity</b>	<u>831,899</u>	<u>48,000</u>
<b>Loss for the period</b>	<u>(3,314,354)</u>	<u>(4,268,207)</u>
<b>Total recognised income and expense for the period</b>	<u>(2,482,455)</u>	<u>(4,220,207)</u>
<b>Attributable to:</b>		
Equity holders of the Company	(1,040,141)	(4,220,207)
Minority interest	<u>(1,442,314)</u>	<u>-</u>
<b>Total recognised income and expense for the period</b>	<u>(2,482,455)</u>	<u>(4,220,207)</u>

**WASABI ENERGY LIMITED  
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**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated	
		2008	2007
		\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		154,135	12,525
Cash paid to suppliers and employees		(3,042,571)	(672,368)
Interest received		62,647	53,780
Interest paid		(11,521)	(5,461)
		<u>                    </u>	<u>                    </u>
<b>Net cash used in operating activities</b>		<u>(2,837,310)</u>	<u>(611,524)</u>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment		-	(1,795)
Acquisition of investments		(3,720,466)	(240,000)
Proceeds from sale of investments		3,344,710	-
Investment in subsidiary		-	-
Acquisition of associate		(650,000)	(190,330)
Acquisition of exploration assets		-	(250,000)
Research and development		(300,965)	-
Payment for convertible note		-	(120,000)
Payments for exploration		-	(158,625)
		<u>                    </u>	<u>                    </u>
<b>Net cash used in investing activities</b>		<u>(1,326,721)</u>	<u>(960,750)</u>
<b>Cash flows from financing activities</b>			
Loans to associate entity		-	(371,210)
Loan to another entity		-	(200,000)
Proceeds from repayment of loan		200,000	-
Proceeds from borrowings		2,000,005	-
Repayment of borrowings		(1,250,005)	-
Proceeds from exercise of options		1,125,000	2,986,479
Proceeds from issue of shares in subsidiary		504,466	-
Proceeds from issue of shares		822,515	375,000
Payment of capital raising costs		(14,609)	-
		<u>                    </u>	<u>                    </u>
<b>Net cash from financing activities</b>		<u>3,437,372</u>	<u>2,790,269</u>
Net increase (decrease) in cash and cash equivalents		(712,050)	1,217,995
Cash and cash equivalents at 1 July		1,492,745	274,750
		<u>                    </u>	<u>                    </u>
<b>Cash and cash equivalents at 30 June</b>		<u>780,695</u>	<u>1,492,745</u>

*Notes to the consolidated statement of cash flows*

*Reconciliation of cash*

Cash at bank	<u>780,695</u>	<u>1,492,745</u>
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**WASABI ENERGY LIMITED  
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**NOTES TO THE PRELIMINARY FINAL REPORT**

**1. BASIS OF PREPARATION**

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the interim financial report at 31 December 2007.

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	\$	\$
<b>2.. REVENUE</b>		
Gain on sale of financial assets	837,951	-
Office and equipment rental	16,893	14,647
Engineering services	142,321	-
Patent maintenance	86,892	-
Unrealised foreign exchange gain	2,437	-
Other income	5,728	-
	<u>1,092,222</u>	<u>14,647</u>
<b>3. NET FINANCING INCOME</b>		
Interest income	58,209	258,954
Interest expense	(19,021)	(5,461)
	<u>39,188</u>	<u>253,493</u>
<b>4. EXPENSES</b>		
Depreciation of plant and equipment	6,888	1,970
Amortisation of purchased goodwill	886,533	-
Impairment of value of loan to Exergy	-	2,171,874
Impairment of value of convertible notes	-	701,172
	<u>-</u>	<u>2,873,016</u>

During the prior year the Company held an investment in convertible notes and loans to Exergy Inc. Based on the uncertainty of Exergy's ability to generate cash flows that would enable the Company to recover the outstanding convertible notes and loan, the directors determined to make full provision for impairment in the carrying values.

During the year Wasabi acquired 70% of the share capital in a newly incorporated entity, Global Geothermal Limited at a deemed value of \$1,596,490. In consideration for the investment Wasabi transferred its Exergy assets, including convertible notes and intellectual property which was carried at nil value. The gain on transfer has been recorded in revenue for the Company.

Goodwill acquired by Global Geothermal during the year has been amortised in full as the directors were unable to place a fair value on the goodwill acquired.

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**NOTES TO THE PRELIMINARY FINAL REPORT**

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
<b>5. LOSS PER SHARE</b>		
The calculation of basic loss per share at 30 June 2008 was based on the loss attributable to ordinary share holders of \$2,270,325 (2007: \$4,268,207)		
Weighted average number of ordinary shares outstanding during the financial year	758,669,134	498,441,990
Basic loss per share	(0.30) cents	(0.87) cents

Potential ordinary shares on issue are not considered dilutive and accordingly, diluted loss per share is the same as basic loss per share.

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>6. TRADE &amp; OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables	161,471	3,527
Other receivables	7,220	264,996
Loan to Exergy Inc. (i)	-	2,171,874
Impairment of loan to Exergy Inc.	-	(2,171,874)
Convertible note – Exergy Inc. (including accrued interest) (ii)	-	706,952
Impairment of convertible note and accrued interest	-	(706,952)
Unlisted shares, convertible notes and accrued interest in Exergy Inc. at cost(iii)	-	632,370
Impairment of unlisted shares, convertible notes and accrued interest	-	(632,370)
	168,691	268,523

In the prior year other receivables included an unsecured loan to Rum Jungle Uranium Limited. The loan earned an interest rate of 5.60% and was repaid on 2 July 2007.

During the year the Company transferred the assets relating to Exergy Inc to a newly incorporated subsidiary, Global Geothermal Limited for an amount of GBP700,000 equivalent to 70% of the share capital at that date. The assets transferred included the option to acquire Wasabi's 46% share holding in Exergy Inc. for \$1.

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**NOTES TO THE PRELIMINARY FINAL REPORT**

**6. TRADE AND OTHER RECEIVABLES (continued)**

**(i) Loan to Exergy Inc.**

Under a revolving credit note dated 28 February 2006 the Company advanced US\$1.2 million. The agreement was for a total facility of US\$1.5 million with an expiry date of 28 February 2008 at an interest rate of 6% per annum. In the prior year the directors elected to fully provide for impairment of the loan and accrued interest in the amount of \$2,171,874.

**(ii) Convertible Note – Exergy Inc.**

The Company loaned US\$250,000 and US\$82,924 on 9 January 2002 and 23 May 2002 respectively, to an unlisted United States of America corporation, Exergy Inc. The loans have been issued by way of convertible notes. The notes are convertible into common stock in Exergy Inc. The convertible notes currently carry interest at the rate of 12% per annum. The contracted repayment dates were 5 July 2002 for the initial loan and 30 September 2002 for the second loan. The loans are to be repaid in United States currency. Accrued interest has been included in this balance. A further payment, of AUD\$120,000 was paid by the Company in the prior year to acquire an additional convertible note in the amount of US\$50,000 plus accrued interest. The note acquired carries the same terms and conditions as the other notes.

The directors have in prior years fully provided for the diminution of the gross value of the loan amounts including accumulated interest.

**(iii) Unlisted shares, convertible notes and accrued interest – Exergy Inc.**

On 2 June 2005, the Company acquired loans (US\$320,000 convertible notes) and equity in Exergy Inc. from Unotec Holdings AG and QI-X Holdings LDC for US\$400,000. The convertible notes carry interest at the rate of 12% per annum. Accrued interest is included in this balance. This gives the Company approximately 46% of the equity of Exergy Inc. This investment was acquired and continues to be held exclusively with a view to disposal in the near future. In the prior year the directors elected to fully provide for this investment, \$632,370.

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>7. ASSETS CLASSIFIED AS HELD FOR SALE</b>		
<b>Current</b>		
Other financial assets	12,714,121	288,000
<b>8. OTHER INVESTMENTS</b>		
<b>Non current</b>		
Investment in associate	650,000	-
<b>9. EQUITY ACCOUNTED INVESTEEES</b>		
<b>Non current</b>		
Investment in Rum Jungle Uranium Limited	644,432	644,432
Loss for equity accounted investee	(3,862)	-
	640,570	644,432
Investment in Evolution Energy Pty Ltd	400,000	400,000
Loss for equity accounted investee	(387,665)	(387,665)
	12,335	12,335
	652,905	656,767

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**NOTES TO THE PRELIMINARY FINAL REPORT**

**9. EQUITY ACCOUNTED INVESTEEES (continued)**

During the prior year the Company entered an agreement to transfer its exploration assets to Rum Jungle Uranium Limited for a consideration of 44 million shares and 10 million unlisted options, equivalent to 37.60% of the issued share capital of the company. The shares and options are escrowed until 14 November 2009. Rum Jungle Uranium Limited gained a listing on the Australian Stock Exchange on 21 November 2007. The Groups share of loss for the period 21 November 2007 to 30 June 2008 was \$3,862.

During the prior year the company acquired a 50% ownership in a joint venture, Evolution Energy Pty Ltd. This investee was established with other companies to evaluate opportunities in the bio-diesel industry. The Groups share of loss in the investee for the year was \$nil (2007: \$387,665).

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	\$	\$
<b>10. PLANT AND EQUIPMENT</b>		
Plant and equipment – at recoverable amount	28,264	22,239
Less: accumulated depreciation	<u>(25,501)</u>	<u>(18,613)</u>
	<u>2,763</u>	<u>3,626</u>
<b>Reconciliations</b>		
Carrying amounts:		
<i>Plant and equipment</i>		
Carrying value at beginning of year	3,626	3,801
Additions	6,025	1,795
Depreciation for the year	<u>(6,888)</u>	<u>(1,970)</u>
Carrying value at end of year	<u>2,763</u>	<u>3,626</u>
<b>11. TRADE AND OTHER PAYABLES</b>		
Current		
Trade payables and other payables	<u>272,796</u>	<u>233,414</u>
<b>12. LOANS</b>		
Current		
Loan	<u>750,000</u>	<u>-</u>

On 30 May 2008 the Company received a loan of \$750,000 on which a borrowing fee of 1% is payable. The loan can be converted to a convertible note which is unsecured and attracts an annual interest rate of 10%. The issue of the proposed convertible note is subject to shareholder approval. The terms of the proposed note provide for the conversion of the note to ordinary shares in the capital of the Company at a price of 3.5 cents per share. The note will have a term of 12 months. The note can be redeemed by the Company if Wasabi shares trade above 4.5cents for more than 30 consecutive days.

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**NOTES TO THE PRELIMINARY FINAL REPORT**

		<b>Consolidated</b>	
		<b>2008</b>	<b>2007</b>
		<b>No.</b>	<b>No.</b>
<b>13. SHARE CAPITAL</b>	Reconciliation of movement in capital attributable to equity holders of the parent		
	Movement in share capital represented by:		
	Balance at 1 July	568,140,445	391,348,444
	Exercise of director options transfer from reserve		10,000,000
	Exercise of underwriter options		10,000,000
	Exercise of options at 3.50cents each	15,000,000	
	Exercise of options at 3 cents each	25,000,000	
	Placement of shares at 2.60 cents each		12,500,000
	Placement of shares at 3.50cents each	23,500,000	
	Shares issued at 2.50 cents each		15,000,000
	Shares issued to acquire investment	175,000,000	-
	Shares issued at 2 cents each on exercise of options	-	129,292,001
	Balance at 30 June	806,640,445	568,140,445

*Terms and conditions*

Holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

		<b>Consolidated</b>	
		<b>2008</b>	<b>2007</b>
		<b>No.</b>	<b>No.</b>
<b>OPTIONS</b>	Reconciliation of movement in options under issue over ordinary shares		
	Balance at 1 July	35,000,000	152,376,038
	Issue of director options	20,000,000	20,000,000
	Exercise of director options	-	(10,000,000)
	Issue of attaching options	23,500,000	15,000,000
	Issue of options	25,000,000	-
	Exercise of options	(40,000,000)	(129,292,001)
	Options expired unexercised	-	(13,084,037)
	Balance at 30 June	63,500,000	35,000,000

Options under issue at 30 June have a weighted average exercise price of 3.52 cents (2007: 2.93 cents) and a weighted average period to expiry of 15 months (2007: 19 months). 63,500,000 of the 30 June 2008 options are unlisted (2007: 35,000,000).

**WASABI ENERGY LIMITED  
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**NOTES TO THE PRELIMINARY FINAL REPORT**

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>14. RESERVES</b>		
<i>Fair value reserve</i>		
Opening balance	48,000	-
Movement in fair value of available-for-sale financial assets	1,003,415	48,000
Closing balance	<u>1,051,415</u>	<u>48,000</u>
<i>Translation reserve</i>		
Opening balance	-	-
Foreign currency translation differences for foreign operations	302,358	-
Minority interest	(473,874)	-
Closing balance	<u>(171,516)</u>	<u>-</u>
<i>Share option reserve</i>		
Opening balance	379,561	136,122
Exercise of director options	-	(136,122)
Issue of options as consideration for purchase of investment	438,688	-
Issue of options to directors	644,606	379,561
Currency movement	(14,811)	-
Minority interest	(46,744)	-
Closing balance	<u>1,401,300</u>	<u>379,561</u>
	<u>2,281,199</u>	<u>427,561</u>

**Fair value reserve**

The fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investment is derecognised.

**Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>15. RECONCILIATION OF MOVEMENT IN ACCUMULATED LOSSES</b>		
Balance at 1 July	(13,875,838)	(9,607,631)
Total recognised income and expense	(2,270,325)	(4,268,207)
Balance at 30 June	<u>(16,146,163)</u>	<u>(13,875,838)</u>

**WASABI ENERGY LIMITED  
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**NOTES TO THE PRELIMINARY FINAL REPORT**

**16. SEGMENT REPORTING**

The Company and Group operate predominately in one business segment being energy and resources, and energy technology investments. The Company and Group are now operating in five geographical segments being Australia, UK, Canada, Netherlands and the USA.

	Australia \$	UK \$	Netherlands \$	Canada \$	USA \$	Total \$
<b>30 June 2008</b>						
Segment income	857,280	-	-	-	234,942	1,092,222
Segment result after eliminations	1,237,448	(2,673,475)	(342,816)	-	(491,482)	(2,270,325)
Segment assets after eliminations	14,121,444	553,454	-	196,317	97,960	14,969,175
Segment liabilities after eliminations	(945,478)	-	-	-	(77,318)	(1,022,796)
Non cash expenses:						
Depreciation	(863)	-	-	-	(6,025)	(6,888)
Impairment of goodwill	-	(886,533)	-	-	-	(886,533)
Unrealised foreign exchange loss	-	-	-	-	-	-
Capital expenditure	-	-	-	-	-	-
Non-cash income:						
Unrealised foreign exchange gain	2,437	-	-	-	-	2,437
Interest	-	-	-	-	-	-
<b>30 June 2007</b>						
Segment income	14,647	-	-	-	-	14,647
Segment result after eliminations	(1,549,137)	(27,357)	-	(19,402)	(2,672,311)	(4,268,207)
Segment assets after eliminations	2,709,661	-	-	-	-	2,709,661
Segment liabilities after eliminations	(170,871)	(40,124)	-	-	(22,419)	(233,414)
Non cash expenses:						
Depreciation	(1,970)	-	-	-	-	(1,970)
Impairment of loans and notes	-	-	-	-	(2,873,046)	(2,873,046)
Unrealised foreign exchange loss	-	-	-	-	(41,451)	(41,451)
Capital expenditure:	1,795	-	-	-	-	1,795
Non-cash income:						
Interest	4,439	-	-	-	200,735	205,174

**17. SUBSEQUENT EVENTS**

Subsequent to 30 June 2008 Wasabi acquired 36.5 million shares in Xtract Energy Plc ("Xtract") from Cambrian Mining Plc at a share price of 2.5 pence per share.

Xtract is listed on the London Stock Exchange AIM market. It identifies and invests in a diversified portfolio of early stage energy sector technologies and businesses with significant growth potential. It's main areas of interest lie with assets in Australia and Canada.

The Company is in the process of receiving subscriptions for up to \$3.5 million for a convertible note issue. The issue of the notes is subject to shareholder approval.

**18. NET TANGIBLE ASSETS**

	Consolidated	
	2008	2007
Net tangible asset backing per ordinary security	1.72 cents	0.72 cents

**WASABI ENERGY LIMITED  
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**NOTES TO THE PRELIMINARY FINAL REPORT**

**19. COMPLIANCE STATEMENT**

This report is based on accounts that are in the process of being audited.

**TIMOTHY WISE**  
**DIRECTOR**  
29 August 2008

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